

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson David Adkins at 9:05 a.m. on February 10, 2000 in Room 514-S of the Capitol.

All members were present except: Representative Dean - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Julian Effird, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Rae Anne Davis, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Dave Stallings, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Chairman Adkins opened the meeting by mentioning that a handout, Tax Type - Agency-Fund-Class-Source, was distributed from the Kansas Department of Revenue regarding an aging report of receivable items (Attachment 1). The Chairman introduced Secretary Karla Pierce of the Kansas Department of Revenue who explained the relevance and context of the report. Secretary Pierce explained that the report explains the fiscal year ending accounts receivable balance for 1997, 1998, 1999 and December of 1999 which is mid-year FY 2000. She mentioned that they are by tax type and within each tax type, in some cases, they are broken-out by funds. Committee questions and discussion followed.

Chairman Adkins mentioned that the following information was also distributed:

- Budget and Subcommittee Deadlines (Attachment 2), a chronological listing prepared by Dave Stallings stating when the budget committees will be report on agency budgets.
- House Budget Committee Guidelines (Attachment 3) which are matters that have been discussed with the Budget Committee Chairpersons and each day that the Committee considers new Budget Committee reports, the Committee will have available a report of where the Committee's proposed expenditures are as of that date compared to the Governor's recommendations on those budgets.

Chairman Adkins explained as follows his anticipated process in dealing with the budget committee reports. The Chairman also noted that he would be open to any discussion regarding the process.

1. Recognize the chairperson of the budget committee that will be reporting for that particular agency and allow them to read the report for that agency, and then make a motion to adopt the budget committee report.
2. If there is a minority report for a particular agency, the minority report would be recognized, be read and then amendments to the report would be allowed.
3. The Committee will approve or reject amendments and then consider the report as presented or the report as amended.

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The Chairman also noted to keep in mind that as the Committee approves each agency's budget, it is then moved off of the active consideration shelf onto the tentatively approved shelf and the Committee will reconvene at the end of the process after all agencies have been heard and make adjustments again. It is not his intention to review FY 2000 appropriations but to focus exclusively on FY 2001 unless the subcommittee has identified an item from the current year budget that could be referred to omnibus. Absent the Governor recommending a budget amendment for the current year, he does not anticipate any consideration nor adjustments for the current year budget.

A motion was made by Representative Neufeld, seconded by Representative Pottorff, to introduce the Governor's Budget Recommendations for all state agencies for FY 2001 in one appropriation bill and the Governor's Recommendations for capitol improvements for state agencies in a second appropriation bill. Motion carried.

General Government and Human Resources Budget Committee Report on:

Kansas Lottery

Representative Reardon presented the General Government & Human Resources Budget Committee report on the Governor's recommendations on the Kansas Lottery FY 2001 budget. (Attachment 4) Committee questions and discussion followed.

Representative Reardon made a motion, and seconded by Representative Stone, to adopt the General Government & Human Resources Budget Committee budget report recommendations regarding the Kansas Lottery.

In response to a question by Representative Farmer, Julian Effird, Kansas Legislative Research Department, explained that is a little bit of legislative history from 1992 that is applicable to the budget committee report on the lottery. The Lottery had very dramatic increases in sales from 1992-1993 due to the institution of club keno as a game. In FY 1993, the Lottery only made 11 transfers to the state gaming revenues fund and skipped one transfer. It established a reserve amount that could be picked up in any given fiscal year to make 13 transfers in order to gain approximately \$4-6 million dollars that would ultimately be transferred to the state general fund. The money initially goes into the state gaming revenue fund on June 25 of each fiscal year, but when that fund collects more than \$50 million as it has been doing for the past five years, the excess amount is transferred toward the end of June to the State General Fund which would have a one-time gain that the state could then pick up in FY 2001. For example, by making a thirteenth transfer assuming the lottery sales continue in their pattern, the state would gain between \$4 and \$6 million dollars on a one-time basis.

A handout was distributed regarding Lottery Sales and SGRF Transfers in FY 2000. (Attachment 5)

A motion was made by Representative Farmer, seconded by Representative Landwehr, to amend to the committee report to authorize a 13th transfer payment in FY 2001. Committee questions and discussion followed. Motion carried.

The Chairman called the Committee's attention to the renewed motion by Representative Reardon, seconded by Representative Stone, to approve the General Government & Human Resources Budget Committee report for the Kansas Lottery as amended. Motion carried.

Racing and Gaming Commission

Representative Pottorff presented the General Government & Human Resources Budget Committee report on the Governor's recommendations on the Racing and Gaming Commission FY 2001 budget. (Attachment 6) Committee questions and discussion followed.

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Representative Pottorff made a motion, seconded by Representative Stone, to adopt the General Government & Human Resources Budget Committee budget report recommendations regarding the Racing and Gaming Commission. Motion carried.

Tax, Judicial and Transportation Budget Committee Report on:

Kansas Department of Revenue

Representative Peterson presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas Department of Revenue FY 2001 budget. (Attachment 7)

Representative Peterson made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Kansas Department of Revenue. Committee questions and discussion followed. Representative Neufeld mentioned that the budget committee's recommendations affect people's commercial drivers licenses and means more trucks will drive up to the central offices of the larger population areas and it is much easier to drive to Ness City to get a commercial drivers license than to try to get a truck into the Dodge City office which is nearly impossible.

Representative McKechnie inquired about the last sentence of Section Number 4 on Page 3 of the budget committee report regarding working with local officials to minimize any loss of services. Representative McKechnie requested that the budget committee further pursue the issue of what this means and have the Kansas Department of Revenue respond in writing perhaps by omnibus. Representative Peterson mentioned that the subcommittee could add that request for information into the report.

The Chairman called the Committee's attention to the motion to approve the Tax, Judicial and Transportation Budget Committee report for Kansas Department of Revenue. Motion carried.

Homestead Property Tax Refunds

Chairman Adkins mentioned that there were minor technical adjustments to the Tax, Judicial and Transportation House Budget Committee Report in the column labeled House Budget Committee Adjustments and that all the figures in that column should be zeros. A revised copy of the report was provided by the Kansas Legislative Research Department.

Representative Hermes presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Homestead Property Tax Refunds FY 2001 budget. (Attachment 8)

Representative Hermes made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Homestead Property Tax Refunds. Motion carried.

General Government and Human Resources Budget Committee Report on:

Kansas, Inc.

Representative Shriver presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas, Inc., FY 2001 budget. (Attachment 9)

Representative Shriver made a motion, seconded by Representative Pottorff, to adopt the General Government and Human Resources Budget Committee report recommendations regarding Kansas, Inc. Committee questions and discussion followed. Chairman Adkins, not wanting to open up FY 2000 issues, asked if the budget committee would consider effectuating a budget committee recommendation by simply prohibiting Kansas, Inc., from spending the money in 2000 and authorizing the expenditure in 2001 and then applying the carry-over to this particular item. Committee discussion followed. After continued Committee discussion, Chairman Adkins deferred this subject to staff consultations to determine how best to work through the issue and leave as is right now unless others wish to amend that section

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and there may be other FY 2000 issues.

The Chairman called the Committee's attention to the motion to approve the General Government and Human Resources Budget Committee report for Kansas, Inc. Motion carried.

Kansas Technology Enterprise Corporation

Representative Stone presented the General Government and Human Resources Budget Committee report on the Governor's recommendations on the Kansas Technology Enterprise Corporation FY 2001 budget. (Attachment 10)

Representative Stone mentioned that in the Budget Committee deliberations, the EDIF budget was considered as a whole and not simply as individual agency appropriations. Representative Stone made a motion, and seconded by Representative Pottorff, to adopt the General Government and Human Resources Committee budget report recommendations regarding the Kansas Technology Enterprise Corporation. A handout was distributed by staff titled Economic Development Initiatives Fund (Attachment 11). Committee questions and discussion followed. The Chairman called the Committee's attention that the question arose on approving the General Government and Human Resources Committee budget report recommendations regarding the Kansas Technology Enterprise Corporation. Motion carried. Representatives Ballard and McKechnie requested to be recorded as voting "No".

Department of Commerce and Housing

Representative Pottorff presented the General Government and Human Resources Budget Committee report on the Governor's recommendations on the Department of Commerce and Housing FY 2001 budget. (Attachment 12) Representative Pottorff noted that there are no State General Fund dollars in the Department of Commerce and Housing this year.

Representative Reardon presented the Minority Report, beginning on Page 4 of the Department of Commerce and Housing FY 2001 budget, because he was not able to concur with the Budget Committee because of the additional EDIF dollars (\$75,000 for Small Business Development Centers, \$60,000 for the Wichita World Trade Center and \$150,000 for the Challenger Learning Center) recommended by the majority. Committee questions and discussion followed.

Representative Pottorff made a motion, seconded by Representative Shriver, to adopt the General Government and Human Resources Committee budget report recommendations regarding the Department of Commerce and Housing.

Representative Reardon made a substitute motion, seconded by Representative Feuerborn, to remove the funding for the three items not recommended by the Governor, but added by the budget committee (Wichita World Trade Center, Challenger Center in Wellington and Small Business Development). Representative Pottorff requested that the motion be divided and the Chairman ruled that the question was divisible. Committee questions and discussion followed. Representative Reardon mentioned that the motivation for this motion was that in a tight budget year that enhancements should be prioritized, not that the three projects funded were not worthwhile. A vote was taken on removing Subsection 1 from the Budget Committee recommendations and deleting \$75,000 (EDIF) for Small Business Development Centers and the motion failed. A vote was taken on removing Subsection 2 from the Budget Committee recommendations and deleting \$60,000 (EDIF) for the Wichita World Trade Center and the motion failed. A vote was taken on removing Subsection 3 from the Budget Committee recommendations and deleting \$150,000 (EDIF) for the Challenger Learning Center in Wellington. Division was requested and the tally was 10 in favor of deleting it and 8 in favor of retaining it and the motion carried.

The Chairman ruled and called the Committee's attention to the renewed motion by Representative Pottorff, seconded by Representative Shriver, to approve General Government and Human Resources Budget Committee report as amended for the Department of Commerce and Housing. Motion carried. Representatives Kline and Landwehr requested to be recorded as voting "No".

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Tax, Judicial and Transportation Budget Committee Report on:

Board of Tax Appeals

Representative Nichols presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Board of Tax Appeals FY 2001 budget. (Attachment 13)

Representative Nichols made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Board of Tax Appeals. Motion carried.

Chairman Adkins thanked Chairpersons Peterson and Pottorff and the budget committees and stated his appreciation of the timely work in getting finished this early in the process.

The meeting was adjourned at 10:45 a.m. The next meeting is scheduled for February 14, 2000.